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**Pine Belt Multi-Purpose Community Action Agency, Inc.
Jonesboro, Louisiana**

Financial Statements

**As of and for the Year Ended June 30, 2005
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3-1-06

Pine Belt Multi-Purpose Community Action Agency, Inc.
Jonesboro, Louisiana

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Independent Auditor's Report

To the Board of Directors
Pine Belt Multi-Purpose Community Action Agency, Inc.
Jonesboro, Louisiana

I have audited the accompanying statement of financial position of Pine Belt Multi-Purpose Community Action Agency, Inc. as of June 30, 2005, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Pine Belt Multi-Purpose Community Action Agency, Inc.'s management. My responsibility is to express an opinion on these statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pine Belt Multi-Purpose Community Action Agency, Inc. as of June 30, 2005 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 20, 2005 on my consideration of Pine Belt Multi-Purpose Community Action Agency, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying supplemental combining schedules on pages 15 and 16 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying supplemental schedules, listed as "Supplemental Information Schedules For Grants and Contracts Analysis" in the table of contents, and shown on pages 16 - 25, are presented for the purpose of providing various funding sources of Pine Belt Multi-Purpose Community Action Agency, Inc. additional individual grant and contract analysis and are not a required part of the financial statements. The information is prepared on a prescribed basis of the various funding sources of Pine Belt Multi-Purpose Community Action Agency, Inc., and certain schedules are for periods other than Pine Belt's audit year. These schedules are not presented in accordance with generally accepted accounting principles. Accordingly, these schedules are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. Such information has been subjected to the auditing procedure applied in the audit of the financial statements and, in my opinion, they are fairly stated on the basis of accounting practices prescribed by the funding sources.

Jan J. Oates

December 20, 2005

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.
Jonesboro, Louisiana

Statement of Financial Position
June 30, 2005

Assets	
Current assets:	
Cash	\$ 142,991
Grant receivables	37,309
Due from other funds	121,445
Other receivables	<u>2,908</u>
Total current assets	<u>304,653</u>
Property and equipment:	
Property and equipment	1,622,215
Accumulated depreciation	<u>1,028,119</u>
Net property and equipment	<u>594,096</u>
Total Assets	<u><u>\$ 898,749</u></u>
Liabilities and Net Assets	
Current Liabilities:	
Accounts payable	\$ 60,999
Accrued liabilities	26,360
Refundable advances	16,791
Due to other funds	121,445
Line of credit	44,500
Current portion of long-term debt	<u>6,718</u>
Total current liabilities	<u>276,813</u>
Long-term Liabilities:	
Long-term debt	<u>3,145</u>
Total long-term liabilities	<u>3,145</u>
Total Liabilities	<u>279,958</u>
Net assets:	
Unrestricted:	
Operating	(43,284)
Designated for specific programs	97,379
Fixed assets	<u>564,696</u>
Total net assets	<u>618,791</u>
Total Liabilities and Net Assets	<u><u>\$ 898,749</u></u>

The accompanying notes are an integral part of the financial statements.

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.
Jonesboro, Louisiana

Statement of Activities
For the Year Ended June 30, 2005

	<u>Unrestricted</u>
Revenues and Other Support:	
Contractual revenue - grants	\$ 3,693,452
Donations - police juries	20,300
Miscellaneous revenues	47,455
Gain on disposal of vehicles	1,278
Total revenues and other support	3,762,485
Expenses:	
Head Start program	2,320,504
Child nutrition services	192,448
Community services	393,799
Transportation services	270,646
Emergency food and shelter	61,262
Housing services	104,782
Summer food service	113,622
Other general services	62,240
Total expenses	3,519,303
Change in net assets	243,182
Transfers in	0
Transfers out	0
Prior year adjustment	1,088
Net assets, as of beginning of year	374,521
Net assets, as of end of year	\$ 618,791

The accompanying notes are an integral part of the financial statements.

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.
Jonesboro, Louisiana

Statement of Cash Flows
For the Year Ended June 30, 2005

Operating activities	
Change in net assets	\$ 243,182
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	82,751
Gain on sale of property and equipment	1,278
(Increase) decrease in operating assets:	
Grant receivables	12,495
Other receivables	(1,220)
Increase (decrease) in operating liabilities:	
Accounts payable	7,786
Accrued liabilities	7,683
Refundable advances	<u>(63,806)</u>
Net cash provided by operating activities	<u>290,149</u>
Investing Activities	
Payments for property and equipment	(280,926)
Construction in progress	<u>0</u>
Net cash used in investing activities	<u>(280,926)</u>
Financing Activities	
New loan principal	19,500
Repayments of long-term debt	(9,255)
Repayments of other long-term liabilities	<u>(5,351)</u>
Net cash provided by financing activities	<u>4,894</u>
Net increase (decrease) in cash	14,117
Cash as of beginning of year	<u>128,874</u>
Cash as of ending of year	<u>\$ 142,991</u>

Supplemental Disclosures

Operating activities reflect interest paid of \$3,565.

The accompanying notes are an integral part of the financial statements.

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.
Jonesboro, Louisiana

Notes to Financial Statements
June 30, 2005

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Pine Belt Multi-Purpose Community Action Agency, Inc. (Pine Belt) is a private nonprofit corporation incorporated under the laws of the State of Louisiana. Pine Belt is governed by a Board of Directors composed of members from Jackson, Bienville, Morehouse, Red River, Sabine and Winn Parishes which are the parishes that Pine Belt serves. Pine Belt operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in these parishes in Louisiana. The following programs, with their approximate percentage of total revenues indicated, are administered by Pine Belt:

Head Start Program (68%) - Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided by federal funds from the U.S. Department of Health and Human Services.

Child and Adult Care Food Program (6%) - Provides a food service program in coordination with the *Head Start and Summer Child Care Assistance Programs*. Funding is provided by the federal funds from U.S.D.A. passed through the Louisiana Department of Education.

Community Services Block Grant (11%) - Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Department of Labor.

STEP and Other Transportation (6%) - Provides transportation services to eligible participants. Funding is provided by federal and state funds from Louisiana Department of Social Services, transportation fares, and miscellaneous revenues.

Emergency Food and Shelter (1%) - Provides emergency food and shelter in areas of high need through-out the community to persons based upon their unemployment or poverty status. Funding is provided by federal FEMA funds passed through a local governing board.

Section 8 Housing Assistance Program (3%) - Provides a housing subsidy program funded by the United States Department of Housing and Urban Development. Pine Belt has entered into a contract to administer the program for Jackson Parish in Louisiana. The program provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe, and sanitary housing for low-income families at rents they can afford. Housing assistance payments are used to make up the difference between the approved rent due to the owner for the dwelling unit and the occupant family's at required contribution toward the rent.

Summer Food Service Program (3%) - Provides a food service program for needy children during the summer months when area schools are closed for the summer. Funding is provided by federal funds passed through the Louisiana Department of Education.

General Assistance (2%) - Accounts for other incidental programs and miscellaneous administrative activities and other general operations of the agency that are not charged to a specific fund. Revenue consists of miscellaneous receipts collected during the year.

(Continued)

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.
Jonesboro, Louisiana

Notes to Financial Statements

B. Basis of Accounting

The financial statements of Pine Belt have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Income Tax Status

Pine Belt is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of Internal Revenue Code. However, income from certain activities not directly related to Pine Belt's tax - exempt purpose would be subject to taxation as unrelated business income. Pine Belt had no such income for this audit period.

E. Uses of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of cash flows, Pine Belt considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

G. Property and Equipment

Property and equipment are carried at cost, or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful life of each asset. The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds therefrom is subject to federal regulations.

H. Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

(Continued)

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.
Jonesboro, Louisiana

Notes to Financial Statements

I. Compensated Absences

Employees may accrue vacation leave up to 144 hours. Upon an employee's separation of employment, earned and/or accrued leave will be paid up to a maximum of 80 hours. Employees can also accrue sick leave, but accumulated sick leave is forfeited upon separation of employment.

J. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Pine Belt to concentrations of credit risk consist principally of temporary cash investments and grant receivables. Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2005, Pine belt had no significant concentrations of credit risk in relation to grant receivables.

Pine Belt maintains cash balances at a financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At June 30, 2005, total cash balances held at the financial institution was \$142,991. Of this amount, \$100,000 was secured by FDIC and the remaining \$42,991 was secured by a collateralization agreement with a financial institution.

(3) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2005, but received after that date.

(4) Due To and Due From Other Funds

The following schedule represents amounts due to and due from other funds at June 30, 2005:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Unrestricted	\$ 121,445	\$ -0-
Restricted Funds:		
Head Start - due from Head Start Food Service	-0-	-0-
Head Start Food Service	-0-	-0-
Community Services Block Grant	-0-	-0-
Transportation Program	-0-	121,445
Section 8 Housing Assistance Program	-0-	-0-
Summer Food Service	-0-	-0-
	<u>\$ 121,445</u>	<u>\$ 121,445</u>

(Continued)

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.
Jonesboro, Louisiana

Notes to Financial Statements

(5) Property and Equipment

Property and Equipment consists of the following at June 30, 2005:

	Estimated Depreciable <u>Life</u>	Purchased With Federal <u>Funds</u>	Purchased With Non-Federal <u>Funds</u>	<u>Total</u>
Buildings	20-30 years	\$ 184,116	\$ -0-	\$ 184,116
Furniture and Equipment	5-7 years	539,128	43,357	582,485
Vehicles	5 years	622,890	128,508	751,398
Land and Site Improvements		84,215	20,000	104,215
Accumulated Depreciation		<u>(885,653)</u>	<u>(142,465)</u>	<u>(1,028,118)</u>
Net investment in property and equipment		<u>\$ 544,696</u>	<u>\$ 49,400</u>	<u>\$ 594,096</u>

Depreciation for the year ended June 30, 2005 is \$82,751.

Land and site improvements include a lot valued at \$20,000 donated to Pine Belt by the Town of Jonesboro in December, 2001 for the providing of Head Start or other educational services. The donation deed stipulates that if Pine Belt ceases to use the property as a Head Start or other educational facility for a period of six months, the property is to immediately revert back to the donor. The Department of Health and Human Services provided funding for the site improvements and construction of the building located on the property.

(6) Refundable Advances

Pine Belt records federal funds received in excess of expenditures as a refundable advance until they are expended for the purpose of the contract or until the funds are returned to the appropriate funding source.

(7) Long-Term Debt

Long-Term Debt as of June 30, 2005 consist of following:

	<u>Total</u>	<u>Current</u>	<u>Long-Term</u>
Note payable to bank due in monthly installments of principal and interest of \$594, with fixed interest at 9.07% until January 15, 2006, secured by a vehicle.	\$ 3,834	\$ 3,834	\$ -0-
Note payable to bank due in monthly installments of principal and interest of \$274, with fixed interest of 8.547% until June 21, 2007, secured by a vehicle.	<u>6,029</u>	<u>2,884</u>	<u>3,145</u>
Total Long-Term Debt	<u>\$ 9,863</u>	<u>\$ 6,718</u>	<u>\$ 3,145</u>

(Continued)

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.
Jonesboro, Louisiana

Notes to Financial Statements

Maturities of long-term debt are as follows:

Years Ending <u>June 30</u>	<u>Amount</u>
2006	\$ 6,718
2007	<u>3,145</u>
	<u>\$ 9,863</u>

Interest expense paid on Long-Term Debt for the year ended June 30, 2005 was \$3,565.

(8) Line of Credit

Pine Belt has a line of credit at a local bank with an interest rate fixed at 9.5% at June 30, 2005. The loan is unsecured.

Line of credit limit	\$ 50,000
Outstanding loan balance	\$ 44,500

(9) Unrestricted Operating Net Assets

As of June 30, 2005, the unrestricted operating net assets consisted of the following programs:

Transportation Services	\$(163,768)
General Services	<u>120,484</u>
	<u>\$ (43,284)</u>

(10) Unrestricted Designated Net Assets

As of June 30, 2005, the unrestricted designated net assets consisted of the following programs:

Child Adult Care Food Program	\$ 35,380
Transportation Services	<u>61,999</u>
	<u>\$ 97,379</u>

These funds are designated to be used only for the operations of these programs.

(11) Commodities Distribution

The expenses shown as commodities distribution represent certain costs to distribute the commodities. The value of the commodities distributed was approximately \$16,432 during July 1, 2004 thru June 30, 2005. The value of the commodities distributed is not reflected in the accompanying financial statements.

(12) Contractual Revenue - Grants

During the year ended June 30, 2005, Pine Belt received contractual revenue from federal and state grants in the amount of \$3,693,452. The continued existence of these funds is based on annual contract renewals with various funding sources.

(Continued)

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.
Jonesboro, Louisiana

Notes to Financial Statements

(13) Leases

Pine Belt leases certain buildings and equipment under operating leases. Some leases contain renewal options for periods ranging from one to five years. The rental costs on the buildings and equipment for the year ended June 30, 2005, was \$27,660 and \$28,435, respectively. Future minimum lease payments under leases that have remaining terms in excess of one year as of June 30, 2005, are:

<u>Year Ending June 30:</u>	<u>Buildings</u>	<u>Equipment</u>
2006	\$ 22,960	\$ 18,235
2007	22,960	18,127
2008	<u>22,960</u>	<u>14,106</u>
	<u>\$ 68,880</u>	<u>\$ 50,468</u>

(14) Retirement Obligations

In December, 2001, Pine Belt began participating in a 403 B deferred compensation program whereby an amount up to 6% of the salary of eligible employees is contributed to the program. The amount contributed for the year ended June 30, 2005 was \$24,457.

(15) Partnership Investments

Pine Belt is a member in the following limited partnerships:

Pine Belt serves as the Managing General Partner for Sabine Housing 1994 Partners, a Louisiana Partnership in Commendam, organized and operated for the construction, ownership and management of a forty unit apartment complex in Many, Louisiana known as William E. Ruffin Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Northwood Apartments Partnership, a Louisiana Partnership in Commendam organized and operated for the construction, ownership and management of a forty unit apartment complex in Bastrop, Louisiana, known as Northwood Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Maplewood Apartments Partnership, a Louisiana Partnership in Commendam organized and operated for the construction, ownership and management of a forty unit apartment complex in Winnfield, Louisiana, known as Maplewood Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Bienville Partnership organized and operated for the purchase, remodeling, ownership and management of a thirty two unit apartment complex in Ringgold, Louisiana, known as Bienville Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

(Continued)

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.
Jonesboro, Louisiana

Notes to Financial Statements

Pine Belt serves as the Managing General Partner for Many Partnership organized and operated for the purchase, remodeling, ownership and management of a thirty two unit apartment complex in Many, Louisiana, known as Many Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Timbers Apartments II Partnership organized and operated for the purchase, remodeling, ownership and management of a forty eight unit apartment complex in Many, Louisiana, known as Timbers Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Jackson Square Apartments II Partnership organized and operated for the purchase, remodeling, ownership and management of a thirty two unit apartment complex in Jonesboro, Louisiana, known as Jackson Square Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Riverwood Apartments Partnership organized and operated for the purchase, remodeling, ownership and management of a forty eight unit apartment complex in Coushatta, Louisiana, known as Riverwood Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Rockwood Apartments II Partnership organized and operated for the purchase, remodeling, ownership and management of a thirty two unit apartment complex in Winnfield, Louisiana, known as Rockwood Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Many Senior Apartments, ALPIC organized and operated for the purchase, remodeling, ownership and management of a thirty two unit apartment complex in Many, Louisiana, known as Many Senior Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Coushatta Senior Apartments, ALPIC organized and operated for the purchase, remodeling, ownership and management of a thirty two unit apartment complex in Coushatta, Louisiana, known as Coushatta Senior Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Shady Lane Senior Apartments, ALPIC organized and operated for the purchase, remodeling, ownership and management of a thirty two unit apartment complex in Winnfield, Louisiana, known as Shandy Lane Senior Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt received a management fee from these partnerships for being the Managing General Partner in the amount of \$8,325 for the period ending June 30, 2005.

Combining Schedules

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.

Jonesboro, Louisiana

Combining Schedule of Financial Position

June 30, 2005

	Head Start Program	Child Nutrition Services	Community Services	Transportation Services	Emergency Food & Shelter	Housing Services	Summer Food Service	Other General Services	Total
Assets									
Current assets:									
Cash	\$ 28,616	\$ 36,261	\$ 4,632	\$ 8,595	\$ 6,083	\$ (92)	\$ 33,018	\$ 25,878	\$ 142,991
Grant receivables	0	0	0	18,207	0	7,592	11,510	0	37,309
Due from other funds	0	0	0	0	0	0	0	121,445	121,445
Other Receivables	0	0	0	0	0	0	0	2,908	2,908
Total current assets	28,616	36,261	4,632	26,802	6,083	7,500	44,528	150,231	304,653
Property and equipment:									
Property and equipment	1,374,805	1,175	71,318	64,748	0	0	0	110,369	1,622,215
Accumulated depreciation	832,211	1,125	49,066	57,278	0	0	0	88,439	1,028,119
Net property and equipment	542,394	50	22,252	7,470	0	0	0	21,930	594,096
Total Assets	\$ 571,010	\$ 36,311	\$ 26,884	\$ 34,272	\$ 6,083	\$ 7,500	\$ 44,528	\$ 172,161	\$ 898,749
Liabilities and Net Assets									
Current liabilities:									
Accounts payable	\$ 8,435	\$ 881	\$ 3,983	\$ 2,596	\$ 0	\$ 0	\$ 44,528	\$ 576	\$ 60,999
Accrued liabilities	10,122	0	0	0	0	0	0	16,238	26,360
Refundable advances	10,059	0	649	0	6,083	0	0	16,791	33,672
Due to other funds	0	0	0	121,445	0	0	0	0	121,445
Line of credit	0	0	0	12,000	0	7,500	0	25,000	44,500
Current portion long-term debt	0	0	0	0	0	0	0	6,718	6,718
Total current liabilities	28,616	881	4,632	136,041	6,083	7,500	44,528	48,532	276,813
Long-term liabilities:									
Long-term debt	0	0	0	0	0	0	0	3,145	3,145
Total long-term liabilities	0	0	0	0	0	0	0	3,145	3,145
Net assets:									
Unrestricted:									
Operating	0	0	0	(163,768)	0	0	0	120,484	(43,284)
Designated for specific programs	0	35,380	0	61,999	0	0	0	0	97,379
Fixed assets	542,394	50	22,252	0	0	0	0	0	564,696
Total net assets	542,394	35,430	22,252	(101,769)	0	0	0	120,484	618,791
Total Liabilities and Net Assets	\$ 571,010	\$ 36,311	\$ 26,884	\$ 34,272	\$ 6,083	\$ 7,500	\$ 44,528	\$ 172,161	\$ 898,749

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.
 Jonesboro, Louisiana
 Combining Schedule of Activities
 For the Year Ended June 30, 2005

	Head Start Program	Child Nutrition Services	Community Services	Transportation Services	Emergency Food & Shelter	Housing Services	Summer Food Service	Other General Services	Total
Revenues and Other Support:									
Contractual revenue - grants	\$ 2,572,809	\$ 209,198	\$ 405,767	\$ 221,664	\$ 61,262	\$ 104,730	\$ 113,622	\$ 4,400	\$ 3,693,452
Donations - police juries	0	0	0	0	0	0	0	20,300	20,300
Miscellaneous revenues	265	0	0	0	0	52	0	47,138	47,455
Gain on disposal of vehicles	0	0	0	0	0	0	0	1,278	1,278
Total revenues and other support	2,573,074	209,198	405,767	221,664	61,262	104,782	113,622	73,116	3,762,485
Expenses:									
Salaries	1,621,078	81,470	262,900	128,486	0	0	31,166	15,298	2,140,398
Fringe benefits	242,989	11,611	36,477	18,117	0	0	2,902	1,593	313,689
Travel	1,876	214	2,655	290	0	0	687	2,349	8,071
Equipment and maintenance	2,884	0	0	0	0	0	0	0	2,884
Occupancy	98,705	6,920	0	2,578	0	0	14,107	6,518	129,828
Telephone	29,624	388	0	1,403	0	0	100	642	32,157
Insurance	58,209	0	0	35,159	0	0	105	2,248	95,721
Vehicle operation	44,537	0	0	55,203	0	0	0	99,740	99,740
Supplies and postage	57,862	2,801	0	8,655	0	0	11,504	15,105	95,927
Professional services	35,431	1,008	0	432	0	992	864	465	39,192
Food and related supplies	13,727	84,717	1,965	0	0	0	51,687	0	152,096
Miscellaneous	50,988	3,219	0	5,301	1,187	13,357	500	14,378	88,930
Client and assistance payments	0	0	83,846	0	60,075	90,433	0	0	234,354
Depreciation	61,594	100	5,956	15,022	0	0	0	79	82,751
Loss on disposition of fixed assets	0	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	3,565	3,565
Total expenses	2,320,504	192,448	393,799	270,646	61,262	104,782	113,622	62,240	3,519,303
Change in net assets	252,570	16,750	11,968	(48,982)	0	0	0	10,876	243,182
Transfers in	0	0	0	0	0	0	0	0	0
Transfers out	0	0	0	0	0	0	0	0	0
Prior year adjustment	0	0	0	0	0	0	0	1,088	1,088
Net assets beginning of year	289,824	18,680	10,284	(52,787)	0	0	0	108,520	374,521
Net assets end of year	\$ 542,394	\$ 35,430	\$ 22,252	\$ (101,769)	\$ 0	\$ 0	\$ 0	\$ 120,484	\$ 618,791

**Supplemental Information Schedules Prepared
For Grants and Contracts Analysis**

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.

Jonesboro, Louisiana

Head Start Grant No. 06CH0220/21

Schedule of Revenues, Expenses, and Changes in Net Assets

For the Contract Period: December 1, 2003 to November 30, 2004

	Approved Budget	Actual	Expenses (Over) Under Budget
Revenues:			
Amount awarded this budget period	\$ <u>2,609,108</u>	\$ <u>2,609,108</u>	
Total Head Start Grant revenues	2,609,108	2,609,108	
Grantee's contribution	<u>652,277</u>	<u>652,277</u>	
Total revenues	<u>3,261,385</u>	<u>3,261,385</u>	
Expenses:			
Personnel	1,579,109	1,666,402	\$ (87,293)
Fringe Benefits	237,730	243,893	(6,163)
Travel	20,682	3,206	17,476
Equipment	289,506	250,492	39,014
Supplies	80,150	71,071	9,079
Facilities/Construction	0	0	0
Other	<u>401,931</u>	<u>374,044</u>	<u>27,887</u>
Head Start grant expenses	2,609,108	2,609,108	\$ <u><u>0</u></u>
Grantee's share	<u>652,277</u>	<u>652,277</u>	
Total expenses	<u>3,261,385</u>	<u>3,261,385</u>	
Head Start (expenses) over revenue	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.

Jonesboro, Louisiana

Child and Adult Care Food Program

Louisiana Department of Education

Schedule of Revenues, Expenses, and Changes in Net Assets

For the Period: October 1, 2003 to September 30, 2004

Revenue:	
Contract revenue	\$ <u>181,710</u>
Total revenue	<u>181,710</u>
Expenses:	
Salaries	71,237
Fringe Benefits	7,149
Supplies	5,001
Space costs	3,346
Food service costs	85,820
Other administrative costs	<u>2,550</u>
Total expenses	<u>175,103</u>
Excess revenue (expenses)	6,607
Net assets, October 1, 2003	<u>866</u>
Net assets, September 30, 2004	\$ <u><u>7,473</u></u>

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.

Jonesboro, Louisiana

Community Services Block Grant

Department of Labor

Contract No. 2004N0032

Schedule of Revenues, Expenses, and Changes in Net Assets

Budget and Actual

For the Contract Period: March 1, 2004 to June 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over) Under Budget</u>
Revenues:			
Contract revenue		\$ 436,588	
Total revenue		<u>436,588</u>	
Expenses:			
Administration:			
Salaries	\$ 127,020	127,020	\$ 0
Fringe benefits	13,646	13,423	223
Travel	2,172	2,071	101
Equipment purchase	880	880	0
Other support costs	17,190	18,791	(1,601)
Total administration	<u>160,908</u>	<u>162,185</u>	<u>(1,277)</u>
Program Activities:			
Salaries	161,876	161,876	0
Fringe benefits	26,499	26,393	106
Travel	1,366	1,282	84
Equipment purchase	17,044	17,044	0
Other support costs	43,905	43,623	282
Activities	23,000	22,195	805
Total program activities	<u>273,690</u>	<u>272,413</u>	<u>1,277</u>
Commodity food and nutrition	<u>1,990</u>	<u>1,990</u>	<u>0</u>
Total expenses	\$ <u>436,588</u>	<u>436,588</u>	\$ <u>0</u>
Excess revenues (expenses)		\$ <u>0</u>	

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.

Jonesboro, Louisiana
Community Services Block Grant

Department of Labor
Contract No. 2005N0032

Schedule of Revenues, Expenses, and Changes in Net Assets
Budget and Actual

For the Contract Period: April 1, 2005 to June 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over) Under Budget</u>
Revenues:			
Contract revenue		\$ <u>68,351</u>	
Total revenue		<u>68,351</u>	
Expenses:			
Administration:			
Salaries	\$ 121,243	17,739	\$ 103,504
Fringe benefits	15,992	2,341	13,651
Travel	2,250	662	1,588
Equipment purchase	0	0	0
Other support costs	<u>19,058</u>	<u>8,422</u>	<u>10,636</u>
Total administration	<u>158,543</u>	<u>29,164</u>	<u>129,379</u>
Program Activities:			
Salaries	147,805	21,704	126,101
Fringe benefits	26,191	3,846	22,345
Travel	1,500	218	1,282
Equipment purchase	0	0	0
Other support costs	11,677	10,564	1,113
Activities	<u>25,200</u>	<u>2,855</u>	<u>22,345</u>
Total program activities	<u>212,373</u>	<u>39,187</u>	<u>173,186</u>
Commodity food and nutrition	<u>1,700</u>	<u>0</u>	<u>1,700</u>
Total expenses	\$ <u>372,616</u>	<u>68,351</u>	\$ <u>304,265</u>
Excess revenues (expenses)		\$ <u>0</u>	

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.

Jonesboro, Louisiana

Transportation Programs

CFMS #529671, 530707, 530732, 529594 and Title XIX

Schedule of Revenues, Expenses, and Changes in Net Assets

For the Contract Periods: July 1, 2004 to June 30, 2005

	Step Transportation	Other	Total
Revenue:			
Project independence	\$ 183,573	\$ 0	\$ 183,573
Title XIX fares	0	34,233	34,233
Cash fares	0	3,858	3,858
Miscellaneous	0	0	0
<i>Total revenue</i>	<u>183,573</u>	<u>38,091</u>	<u>221,664</u>
Expenses:			
Natchitoches Parish expenses	65,483	0	65,483
Sabine Parish expenses	30,634	0	30,634
Winn Parish expenses	40,004	0	40,004
Jackson Parish expenses	50,265	0	50,265
Title XIX expense	0	69,238	69,238
Depreciation expense	3,524	11,498	15,022
Loss on disposition of fixed assets	0	0	0
<i>Total expenses</i>	<u>189,910</u>	<u>80,736</u>	<u>270,646</u>
Excess revenue (expenses)	(6,337)	(42,645)	(48,982)
Net assets, July 1, 2004	81,257	(134,044)	(52,787)
Prior period adjustment	0	0	0
Net assets, June 30, 2005	<u>\$ 74,920</u>	<u>\$ (176,689)</u>	<u>\$ (101,769)</u>

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.

Jonesboro, Louisiana

Emergency Food and Shelter Program

FEMA

Schedule of Revenues, Expenses, and Changes in Net Assets

For the Period: January 1, 2004 to December 31, 2004

<i>Revenue:</i>	
Contract revenue	\$ <u>49,704</u>
<i>Expenses:</i>	
Administrative expenses	1,108
Morehouse client assistance	16,462
Beinville client assistance	7,604
Jackson client assistance	9,426
Sabine client assistance	6,327
Winn client assistance	<u>8,777</u>
Total expenses	<u>49,704</u>
Excess revenue (expenses)	0
Net assets, January 1, 2004	<u>0</u>
Net assets, December 31, 2004	<u><u>\$ 0</u></u>

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.

Jonesboro, Louisiana

Section 8 Housing Assistance Program

Schedule of Revenues, Expenses, and Changes in Net Assets

For the Contract Period: October 1, 2003 to September 30, 2004

Revenue:		
Contract revenue	\$	<u>56,231</u>
Expenses:		
Administrative expenses		13,805
Housing assistance payments		<u>47,738</u>
Total expenses		<u>61,543</u>
Excess revenue (expenses)	\$	<u><u>(5,312)</u></u>

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.

Jonesboro, Louisiana

General Unrestricted Funds

Schedule of Revenues, Expenses, and Changes in Net Assets

For the Period: July 1, 2004 to June 30, 2005

Revenue:		
Police Jury grants and contributions	\$	20,300
CHDO development fee		8,325
People Unlimited		4,400
Medicaid Application Fees		2,822
Miscellaneous income		2,645
Program reimbursements		<u>34,624</u>
Total revenue		<u>73,116</u>
Expenses:		
Salaries		15,298
Fringe benefits		1,593
Travel		2,349
Supplies		15,105
Occupancy		6,518
Telephone		642
Equipment		0
Insurance		2,248
Interest		3,565
Other		14,843
Depreciation		<u>79</u>
Total expenses		<u>62,240</u>
Excess revenue (expenses)		10,876
Net assets, July 1, 2004		108,520
Prior year adjustment		<u>1,088</u>
Net assets, June 30, 2005	\$	<u><u>120,484</u></u>

PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.

Jonesboro, Louisiana

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2005

Federal Grantor / Pass- Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Head Start (Fy 11-30- 04)	93.600	06CH0220/21	\$ 1,025,115
Head Start (Fy 11-30- 05)	93.600	06CH0220/22	1,474,403
Passed through Louisiana Department of Labor			
Community Services Block Grant (Fy 2004)	93.569	2004N0032	239,020
Community Services Block Grant (Fy 2005)	93.569	2005N0032	68,351
Passed through Louisiana Department of Health and Hospitals			
Title XIX Transportation	93.667	Unknown	69,238
Medicaid	93.667	Unknown	2,822
Passed through Louisiana Department of Social Services, Office of Family Support			
STEP Transportation Program	93.558	529671,530707,530732,529594	186,387
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Section 8 Housing Assistance Payments Program - Jackson	14.871	LA248V00003	104,782
<u>U.S. Department of Agriculture</u>			
Passed through Louisiana Department of Education			
Child and Adult Care Food Program (Fy 09-30-04)	10.558	Unknown	11,623
Child and Adult Care Food Program (Fy 09-30-05)	10.558	Unknown	180,724
Summer Food Service Program	10.559	Unknown	113,622
Passed through Louisiana Department of Agriculture and Forestry			
Food Distribution - Value of Commodities Distributed	10.550	Unknown	16,432
<u>Department of Homeland Security</u>			
Passed through a local governing board			
Emergency Food and Shelter (FEMA) (Fy 12-31-04)	97.024	Unknown	36,971
Emergency Food and Shelter (FEMA) (Fy 12-31-05)	97.024	Unknown	24,291
			<u>\$ 3,553,781</u>

Note 1: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

Note 2: Nonmonetary assistance is reported in the schedule at fair value of the commodities received and distributed.
At June 30, 2004, Pine Belt had no food commodities in inventory.

Other Schedules and Reports

James T. Bates

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**Report on Compliance and on Internal Control Over Financial
Reporting Based on An Audit of Financial Statements
Performed in Accordance With Government Auditing Standards**

To the Board of Directors
Pine Belt Multi-Purpose Community Action Agency, Inc.
Jonesboro, Louisiana

I have audited the financial statements of Pine Belt Multi-Purpose Community Action Agency, Inc. as of and for the year ended June 30, 2005, and have issued my report thereon dated December 20, 2005. I have conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Pine Belt Multi-Purpose Community Action Agency, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Pine Belt Multi-Purpose Community Action Agency, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to the management of Pine Belt Multi-Purpose Community Action Agency, Inc., in a separate management letter dated December 20, 2005.

This report is intended solely for the information and use of management, the Board of Directors, the State of Louisiana Legislative Auditor and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

James T. Bates

December 20, 2005

James T. Bates

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Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

To the Board of Directors
Pine Belt Multi-Purpose Community Action Agency, Inc.
Jonesboro, Louisiana

Compliance

I have audited the compliance of Pine Belt Multi-Purpose Community Action Agency, Inc. with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Pine Belt Multi-Purpose Community Action Agency, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major programs is the responsibility of Pine Belt Multi-Purpose Community Action Agency, Inc.'s management. My responsibility is to express an opinion on Pine Belt Multi-Purpose Community Action Agency, Inc.'s compliance based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*; issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pine Belt Multi-Purpose Community Action Agency, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Pine Belt Multi-Purpose Community Action Agency Inc.'s compliance with those requirements.

In my opinion, Pine Belt Multi-Purpose Community Action Agency, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Pine Belt Multi-Purpose Community Action Agency, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Pine Belt Multi-Purpose Community Action Agency, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control compliance would not necessary disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Directors, the State of Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jan P. Berta

December 20, 2005

Pine Belt Multi-Purpose Community Action Agency, Inc.
Jonesboro, Louisiana

Summary Schedule of Prior Audit Findings
June 30, 2005

There was one finding for the previous audit period ending June 30, 2004.

Schedule of Findings and Questioned Costs
June 30, 2005

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Pine Belt Multi-Purpose Community Action Agency, Inc.
2. The auditor's report on compliance for the major program expresses an unqualified opinion.
3. No reportable conditions are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No instances of noncompliance material to the financial statements of Pine Belt Multi-Purpose Community Action Agency, Inc. were disclosed during the audit.
5. No instances of reportable noncompliance material to each major program of Pine Belt Multi-Purpose Community Action Agency, Inc. were disclosed during the audit.
6. The program tested as major program was: Head Start Program CFDA #93.600.
7. The threshold for distinguishing Types A and B programs was \$500,000.
8. Pine Belt Multi-Purpose Community Action Agency, Inc. met the 50% coverage rule with no reason to make a determination whether the auditee qualifies as a low-risk auditee.

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Program Audit

There were no findings or questioned costs in the audit period ending June 30, 2005.

Pine Belt Multi-Purpose Community Action Agency, Inc.
Jonesboro, Louisiana

Schedule of Prior Audit Findings For Louisiana Legislative Auditor
June 30, 2005

Summary Schedule of Prior Audit Findings

There was one audit finding in the previous audit for the year ended June 30, 2004.

There was one management letter comment in the previous audit for the year ended June 30, 2004, as follows:

Prior Year Comment #1 - Transportation Program Billing - The Agency failed in one month to match payments received to invoiced amounts.

Pine Belt Multi-Purpose Community Action Agency, Inc.
Jonesboro, Louisiana

Schedule of Current Audit Findings For Louisiana Legislative Auditor
June 30, 2005

Corrective Action Plan for Current Year Audit Findings

There were no findings for the year ended June 30, 2005.

There was one management letter comment for the current audit year ended June 30, 2005, as follows:

Comment #1 - Travel Reimbursement Policies

The Agency's Travel Policy follows the State of Louisiana's Travel Policy and there were instances where this policy was not adhered to.

Management's Response

The Agency's Travel Policy will be strictly adhered to in the future.

James T. Bates

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Management Letter

Board of Directors
Pine Belt Multi-Purpose Community Action Agency, Inc.
Jonesboro, Louisiana

I have audited the financial statements of Pine Belt Multi-Purpose Community Action Agency, Inc. (the Agency), for the year ended June 30, 2005, and have issued my report thereon dated December 20, 2005. In planning and performing the audit of the financial statements of Pine Belt Multi-Purpose Community Action Agency, Inc., I considered its internal control over financial reporting in order to determine the auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

During the audit the following item was noted involving internal control over financial reporting and other operational matters which appears to merit your attention for consideration to improve the internal control or operations of the Agency. These comments have been discussed with the appropriate members of management.

Travel Policy

The Agency adopted the State of Louisiana's travel policy for the reimbursement of travel expenses. There were several instances noted where employees were reimbursed for meal expenses when they were in attendance at out of town seminars that were for one day only.

I express sincere thanks to the Agency's personnel for the cooperation and assistance provided me during my audit. I am available to provide you assistance and consultation in the implementation of the above mentioned item.

This letter is furnished solely for the use of management and the Board of Directors and is not intended to be used for any other purpose.

James T. Bates

December 20, 2005